

PREFACE

Last year's *Aerospace Forecasts* again proved to be an accurate depiction of aviation demand. We correctly anticipated the number of commercial industry seats miles and enplanements. And we were close in other areas as well, coming within two percentage points of predicting precise figures for FAA instrument and tower operations. Activity at en route centers exceeded our expectations.

This year, we foresee that the demand for aviation products and services will continue to increase from the low levels of the past few years, with most measures of aviation activity predicted to return to pre-September 11th levels in 2005. To be sure, the recent run-up in oil prices has triggered financial woes for most legacy carriers. Also, continued high fuel prices and the uncertain geopolitical situations in several major oil producing countries has heightened the prospect of additional bankruptcies and/or liquidations, increasing the risk and uncertainty of the current forecasts, both in the short- and long- term.

Our analysis of the metrics, trends and accounts of the aviation industry show that aviation will continue to rebound from the string of unanticipated events that have occurred since 2001. In summary, the broad expansion in U.S. economic activity witnessed during much of 2004 is expected to continue into 2005 and 2006. Aviation demand, which rebounded strongly in 2004, is expected to continue to exhibit relatively strong growth throughout the 12-year forecast

This year's report contains 10 chapters that address four major areas:

- U.S. and world economic environment, assumptions, and predictions used in developing the FAA aviation forecasts;
- historical data and forecasts of future aviation demand and aircraft activity for three major non-military user groups—mainline commercial air carriers, regional/commuter airlines, and general aviation/helicopters;
- workload forecasts for FAA and contract towers, en route centers, and flight service stations; and
- an outlook for commercial space transportation.

The report concludes with a discussion of our forecast accuracy and year-by-year historical data and forecasts for selected aviation demand and activity series. I would like to thank my staff, mentioned on the following page, for their hard work in putting together this document.

Sharon L. Pinkerton
Assistant Administrator for Policy,
Planning and Environment